

COMPAÑIA INDUSTRIAL DE TABACOS MONTE-PAZ S.A.
MONTEVIDEO, URUGUAY

November 17, 2004

Director
Tobacco Division
Farm Service Agency
United States Department of Agriculture
STOP 0514, Room 4080-S,
1400 Independence Avenue, SW.
Washington, DC 20250-0514
tob_comments@wdc.usda.gov

Dear Director,

My name is James Nooney and I am submitting the following comments on behalf of C.I.T. Monte Paz, an Uruguayan cigarette manufacturer doing business in the United States, in order to aid the USDA in determining how and when the tobacco transition assessments will be collected:

1. The language of the law reads "Manufacturer or Importer." Ultimately, who will be responsible for the TBA payment on an imported brand? This issue must be clearly defined to ensure the payments will be made.
2. When is the first payment anticipated to be due? I have heard both January 31, 2005 for the 1st quarter of 2005; and January 1, 2005 retroactively for the 4th quarter of 2004? We do not believe this payment should be implemented on a retroactive basis, as it would force manufacturers to pay fees for cartons sold at prices which did not take such fees into account.
3. The most important issue regarding this payment for Monte Paz, is that it is enforceable. We have a huge problem in the cigarette industry with companies avoiding payment of such taxes through deviant behavior. Whatever the method for tracking the amount owed by each company, it must not be reliant on any sort of "honor system" whatsoever. The clarification of whether the Importer or the Manufacturer is in charge of this payment is also a key factor in assuring compliance.
4. Finally, we would like to clarify whether or not sales to Puerto Rico and other associate states and/or territories are subject to such payments.

I appreciate your consideration of these points, and am available for comment at any time at the numbers below.

Respectfully yours,

James Nooney
C.I.T. Monte Paz